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## Pope Rules Out Any Change In Clerical Celibacy Rule

VATICAN CITY, Feb. 1 (AP)—Pope Paul VI defended clerical celibacy today in some of the strongest terms he ever used on the subject.

He called it "a capital law of the church" and made clear that he would not hear of being changed.

In a speech to the faithful in St. Peter's Square his weekly blessing appeared to be a reply in advance to a report that Cardinal Albino, bishop of Utrecht, the Netherlands.

Cardinal Albino has said he would come to Rome to put directly before the pope a proposal by the Dutch Pastoral Council that the mandatory rule of celibacy be abolished. The council, a representative body of priests and men, voted for married as celibate priests last year.

Change Ruled Out

The pope said bluntly: "To permit it (celibacy) or put it in discussion cannot be done." He added that to abandon celibacy would be "a step back, would mean a lessening of the faithfulness of love and fidelity which our Latin church, after consummate experience and with immense courage and steady evangelism,



Pope Paul delivering his defense of priestly celibacy.

has imposed in its effort of severe selection and personal renewal of its priestly ministry, on which depends the vitality of all God's people."

The pope said that celibacy "is certainly a high and demanding standard, whose observance demands an irrevocable promise, a special charisma, that is to say, a superior and interior grace."

The pope added that by remaining celibate, priests were following in the footsteps of the disciples who abandoned everything to serve Christ. He said that the law enabled a priest to dedicate himself completely and exclusively with undivided heart to his ministry to the faithful and the Christian community.

"Supreme Witness"

The pope said this made celibacy "a supreme witness to the reign of God, a unique sign which testified to the value of faith, of hope, of love... [and] Christian perfection."

"We must conserve it and defend it."

The pope asked Roman Catholics to pray for him and to pray that celibacy becomes better understood by both clergy and laity so that they both "esteem and venerate it."

## Soviet Bid On Berlin Expected

### Bonn Says Reds Want '4' to Meet

By James Goldsborough

PARIS, Feb. 1.—West Germany revealed today that Russia was about to propose a time and place for a Big Four meeting on Berlin.

West German spokesman Rudi von Weizsäcker made the announcement during a final press conference that ended two days of meetings between French President Georges Pompidou and German Chancellor Willy Brandt.

The final day's meetings were dominated by Berlin, and the French made a strong suggestion to the Soviet Union that if they wanted to get on with plans for a European security conference, they might begin with a gesture in Berlin.

Berlin Role Seen  
Berlin could play an essential role in preparation for such a conference, French spokesman Leo Hamon said. He quoted Foreign Minister Maurice Schumann as saying that Berlin "could be a symbol of tension, but also a symbol of détente."

The two days of meetings under the friendship treaty of 1963 ended as euphorically as they had begun. "No outstanding differences on major problems," said a German spokesman. The Germans won French backing for their "opening to the East" and the French German understanding of their Mediterranean policy.

The Germans, despite what they refer to as their "traditional friendship with Israel," indicated that they were trying to improve relations with several Arab countries. Foreign Minister Walter Scheel thanked France for its good offices in representing West Germany with several Arab countries with which the Germans have no diplomatic relations.

Diplomatic sources last week had indicated that Russia had expressed interest in the latest Allied note on Berlin. According to Mr. von Weizsäcker yesterday, the Russian answer contained proposals for the time and place for a meeting will come in the next few days.

An Anecdote Is Told

The Germans used an anecdote to illustrate how good relations were between France and Germany. Yesterday, said Mr. von Weizäcker, while Mr. Schöel and Mr. Schumann were talking, Mr. Schöel received a wire from Egon Bahr, the German special negotiator in Moscow.

Before he could even show it to his own chancellor, said Mr. von Weizäcker, Mr. Schöel showed the note to the French.

"These little details," said Mr. von Weizäcker, "show to what extent the Franco-German cooperation is functioning perfectly."

The emphasis was on the "new" relationship, which was something closer and more "personal" than the former. Mr. Brandt and Mr. Pompidou were described as men who had known and liked each other for years while they were members of former governments.

Mr. Pompidou was quoted as saying that "everything is so difficult when we oppose each other, so much easier when we stand together."

French Prime Minister Jacques Chaban-Delmas said that he was expecting a great deal from these conversations and we have not been disappointed, and that includes all domains without exception.

Mr. Brandt said: "I am completely in agreement with President Pompidou, who this morning described the meetings as frank, full of confidence and useful."

Mr. Brandt accomplished what

(Continued on Page 2, Col. 4)



AS IS CUSTOMARY—Nikolai Patolichev (left), Soviet foreign trade minister, and Karl Schiller, West German minister of economics, lift glasses in a toast to the German piping for Russian natural gas swap. With them, an interpreter.

## Bonn, Moscow Sign Gas-for-Steel Deal

ESSEN, West Germany, Feb. 1.—The Soviet Union and West Germany today concluded what is believed to be the biggest post-war commercial package ever negotiated by Moscow with capitalist partners.

The deal, under which Russian natural gas will be shipped to Bavaria in return for German steel pipe, was promptly hailed by Economics Minister Karl Schiller as a "positive influence" on current political negotiations to improve ties between the two states.

One of Chancellor Willy Brandt's closest political advisers, Egon Bahr, is currently in Moscow trying to move discussions on a non-aggression treaty out of the preliminary stages and into full-scale negotiations.

Under the 20-year agreement signed in the glare of television floodlights at the Kaiserhof Hotel in this Ruhr industrial center, the Soviet Union will ship a minimum of \$633 million worth of natural gas to the delivery point on the Czech-

West German border, starting in July.

In return, German firms will send 1.2 million tons of steel pipe to Russia, adding some 1,500 miles of pipeline to the present Soviet network and stretching it to the rich new fields being developed in Siberia. Delivery is scheduled for completion by 1972.

To finance the deal, 17 German banks put together a low-interest credit of \$445 million, which can go higher.

(By Los Angeles Times)

## Syrians, Israelis in New Clash

### Damascus Claims Downing 1 Plane

TEL AVIV, Feb. 1 (AP)—Israel and Syria locked in tank and artillery combat for two hours today and both sides claimed they inflicted heavy losses.

At the same time, Egyptian and Israeli warplanes roved over the Suez Canal on rival bombing missions.

A Syrian spokesman said aerial dogfights accompanied the fighting on the southern stretch of the occupied Golan Heights of Syria. He claimed one Israeli plane was shot down.

Syria also said that five tanks were wrecked and 30 Israeli soldiers were either killed or wounded in the fighting across the cease-fire line.

A Syrian Army spokesman conceded that three Syrian soldiers were killed, five wounded and one Syrian tank destroyed.

The Syrian communiqué failed to pin the blame for the eruption of today's flare-up, which climaxed what is considered here as the sharpest escalation of hostilities between the two countries since the 1967 Middle East war.

Ground Fire

Three Israeli observation posts and one anti-tank position were devastated by Syrian ground fire, a spokesman added.

However, a Tel Aviv spokesman denied that there was aerial fighting. "There happened to be an Israeli air patrol in the region, but it ran into no action whatsoever," he said.

"Israeli forces suffered no casualties or losses" in the fighting, he said.

The spokesman said three Syrian tanks were destroyed and two outposts hit.

The fighting ended when United Nations cease-fire observers pressed a truce on the two sides, Syria said.

The Israelis said the Syrians opened fire first in the Rafid area, and accused them of having done so several times in the past 72 hours.

Meanwhile, Israeli reported its warplanes raided Egyptian military targets on the southern sector of the Suez Canal and on the northern Suez Gulf. The Israelis returned safely, a spokesman said.

Egyptian jets staged two bombing runs on Israeli forces on the Suez Canal, but the bombs fell harmlessly, the spokesman claimed.

Yesterday's conflict stayed on the ground, with the main actions reported in the Golan Heights and along the Suez Canal.

Both Cairo and Tel Aviv reported that Egyptian troops crossed the canal and attacked Israeli forces in the Ismailia sector.

A military spokesman in Cairo said the Egyptians destroyed several armored cars and "all the occupants of the Israeli position were killed."

He said the Israelis also suffered "heavy casualties" in an exchange of artillery fire along the canal during which three Egyptian civilians were wounded.

The Israeli military command said a force of ten to 20 Egyptians ambushed an Israeli motorized patrol in the Ismailia sector but was driven off. The command reported no damage or casualties, but said the Egyptians were seen pulling back to their own lines carrying wounded.

Tel Aviv said two Israeli soldiers were slightly wounded in the artillery battle.

An army spokesman in Damascus said Syrian tanks opened fire on an Israeli position in the Golan Heights early yesterday. He said there were no Syrian casualties, and Israeli losses were unknown.

## Court Orders a 10-Day Delay in 1st Big Rail Lockout in U.S.

By Frank C. Porter

WASHINGTON, Feb. 1 (WP)—Federal court order last night postponed for ten days the first nationwide railroad lockout in his-

less than four hours before carriers were due to shut down service.

The ruling also ended a one-day strike by four shopcraft unions in the Union Pacific Railroad, which triggered the lockout.

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Secretary of Labor George P. Shultz revealed that before the action the government had been considering asking Congress special legislation to resolve a four-month dispute. Twice since World War II mandatory settlements have been legislated to avert rail stoppages.

In light of the ten-day ruling order, Mr. Shultz explained, the administration has not decided what it will do.

He said, however, that the bill would be used in efforts to help negotiators and the unions reach a voluntary agreement.

An agreement had been reached in December after the government had exhausted all legal forces under the railway labor membership of three of the four shopcraft unions.

It was a fourth—the Sheet Metal Workers' International Association—rejected the pact by a margin because of a work change permitting employees to work on minor jobs.

As a new set of negotiations down last week, the unions at Mr. Shultz's request for a day moratorium and struck Union Pacific early yesterday.

National Railway Labor Council, representing 128 major railroads, said these were "deliberate tactics designed to frustrate

## El Fatah Admits It Is Training Black Panthers

ALGIERS, Feb. 1 (AP)—A spokesman for El Fatah, the Palestinian Arab guerrilla organization, said yesterday that it is giving combat training to a number of American Black Panthers, but categorically denied reports that this training includes terrorism and sabotage.

Abu Bassen, El Fatah's representative in Algiers, said: "I firmly deny that we are training Black Panthers in terrorism or sabotage. We are for the peoples' war against imperialism but disapprove of terror methods."

The statement followed an American broadcast report that the guerrilla organization was teaching Panthers terror tactics for use in the United States.

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## Mansfield Challenges Nixon on Expansion of ABM Sites

WASHINGTON, Feb. 1 (AP)—Senator Mansfield today challenged the administration's proposed expansion of the Safeguard anti-ballistic missile system.

He said the system was challenged yesterday by Mike Mansfield, the Senate majority leader, who forecast a veto of \$50 billion.

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TAKING THE OATH—David Eisenhower, grandson of the former President, is sworn into the naval reserve, watched by his wife, Julie, and his father-in-law, President Nixon.

## David Eisenhower Joins the Navy

WASHINGTON, Feb. 1 (WP)—David Eisenhower, grandson of a five-star general of the Army, broke with two generations of family tradition yesterday and joined the Navy Reserve for six years.

"I've got a couple of old uniforms you can use," President Nixon, a former naval officer, told his son-in-law at an informal White House induction ceremony.

David, the husband of Mr. Nixon's daughter Julie, is to report to officers' candidate school at Newport, R. I., in late summer or early fall after his graduation from Amherst College.

If he successfully completes the 18-week course, he will become an ensign in the Naval Reserve and be required to serve on active duty for three years.

The President and his daughter attended the swearing-in by Capt. Phil Green, deputy director of naval recruiting.

The Citizens party had held eight seats. Since 1958 both parties formed a government coalition in this tiny principality between Switzerland and Austria but the Patriotic Union still acted as opposition in parliament.

In the elections today the Union won 2,007 votes against 1,979 for the Citizens party.

## N.Y. Snubs French President, But D.C. Dusts Off Red Carpet

By Warren Unna

WASHINGTON, Feb. 1 (WP)—Although New York Mayor John V. Lindsay has announced he will snub Georges Pompidou when he arrives in March, Washington still intends to go all out for the president of France.

State Department officials said the complete show for a visiting head of state, including the White House, will be the dinner, long held here, scheduled during his Feb. 24-25 stay here. There would be no change, they said.

In New York on Friday, however, Mayor Lindsay's office took the unusual step of issuing a statement declaring: "There have been no requests for an official welcome in New York for President Pompidou. There will not be an official welcome."

Further, the mayor has not responded to an invitation to attend a ball at the Waldorf-Astoria hotel sponsored by Franco-American societies.

Senate Majority Leader Mike Mansfield said he and House Speaker John McCormack had agreed a month ago to invite Mr. Pompidou to address a joint session of Congress. "It's still going through, and I think it should go through," Sen. Mansfield, D. Mont., declared.

Prior Plan

He acknowledged that the joint-session plan had been worked out before Congress learned that Mr. Pompidou had contracted to sell Libya's new revolutionary government a large arms shipment, including some 100 Mirage jet fighter planes, but he anticipated no serious protests from members of Congress, not even from the New York legislators.

Rep. Bertram L. Podell, D. N.Y., whose Brooklyn constituency has many Jewish voters, said he had talked over the matter with Mr. Lindsay beforehand and interpreted the mayor's displeasure over the French-Libyan arms deal. Israel's (Continued on Page 2, Col. 6)



Talks under way with the Soviet Union.

"There will be many questions asked," Sen. Mansfield said. "There will be a great deal of debate."

He acknowledged that a major new defense debate could push back Congress's effort to handle its

[illegible]



## In Senate Staff Report

## Optimism on GI Pullout Challenged

By Murray Marder

WASHINGTON, Feb. 1 (UPI)—Optimism in Washington on the outlook for full disengagement from the Vietnam war was seriously questioned today in a Senate staff study report.

The report said the potential for success in total withdrawal from the conflict rests on the base that might topple the present administration.

Staff consultants for the Foreign Relations Committee wrote the report after a December trip to South Vietnam and the Paris peace talks.

James G. Lowenstein and Robert M. Moore, both former State Department officials, wrote the report.

The report was made available to the Senate staff secretary of the National Security Council.

The report produced a 40-page "classified" report for the committee.

and an 18-page public report. In the latter, they concluded that the assumptions regarding the present situation in Vietnam and the expected course of development in that country, on which U.S. policy is apparently based, seem to rest on far more ambiguous, confusing, and contradictory evidence than pronouncements from Washington and Saigon indicate.

The NSC staff, directed by Henry A. Kissinger, the President's national security adviser, currently is making its own on-site study of the state of the war. Its objective, with greater resources, is similar: to check the validity of progress claims in the "Vietnamization" of the war. The official assessment is "cautious optimism."

There is general agreement, Mr. Lowenstein and Mr. Moore reported, as official accounts show,

that there has been "progress" in the conduct of the war and in the "Vietnamization" programs, which they offered. What they questioned is how firm a base it provides to assure success. American policy, they said, appears inextricably linked to the placement of U.S. troops by South Vietnamese troops, or Vietnamization. "The stability and cohesiveness" of the government headed by President Nguyen Van Thieu, and "the expectation that the enemy can and will do nothing to inhibit Vietnamization or disrupt the Thieu government's stability."

None of these three links "may fail," they said, if "present U.S. objectives in Vietnam are to be realized." But the prospects for success of "any one" of these three factors, "much less all three, must be regarded as, at best, uncertain," they said.

## Enemy's Actions

U.S. policy, they noted, is based on the assumption that the enemy cannot, or will not, prevent the phased withdrawal of American combat forces. They cautioned, as other observers have:

"Where the North Vietnamese launch a massive attack at any point in this withdrawal, the United States would be faced with the agonizing prospect of either halting—or even reversing—the process of withdrawal, on the one hand, or being forced, on the other hand, to effect an accelerated, complete withdrawal, which would be interpreted at home, and probably abroad, as a military and political defeat."

Some U.S. officials privately concede this to be the greatest risk factor. President Nixon indirectly reflected that concern Friday night when he reiterated his warning against enemy escalation of the war. He said the Vietnamization "policy" is "irreversible," but the timing of withdrawals is variable.

"When Vietnamese military self-sufficiency is discussed by American officials," said the Lowenstein-Moore report, "it is never put in a context of less than two to four years."

In South Vietnam, they said, "there does not seem to be a fixed timetable" for Vietnamization, "and the costs involved in training and in turning over equipment to the Vietnamese are never mentioned." Construction work on American bases throughout the country appears to be continuing, for example, although it is explained that such work is not new construction but, upgrading and hardening existing facilities.

The report said one high South Vietnamese official expressed confidence that the United States would not pull out "more than 100,000 troops a year in the next few years . . . and that, in any event, he did not expect the United States to pull out more than half its troops."

"In fact," said the consultants, "the talk in Saigon, among Vietnamese as well as Americans, is in terms of keeping some 250,000 troops there for years."

The existence of the court orders, issued soon after the disturbances, was disclosed for the first time by representatives of the three national magazines during separate interviews yesterday. According to the representatives, Time and Life have complied with the subpoenas, but Newsweek hopes to work out an informal agreement to delete the names of any confidential informants before it delivers its files.

The disclosure came amid growing concern among newspaper editors and news executives about the vision network's report that they have been intensifying federal, state and local demands on newspapermen for photographs and notes.

In Chicago, spokesmen for the four major newspapers and television stations reported intensification of such demands, particularly in regard to recent incidents involving the Panthers and the Weathermen. One television channel contended that the search for, and reproduction of, film strips requested by various courts had cost the station some \$150,000 in overtime and equipment.

J.G. Treasvant, general manager of the Chicago Daily News and Sun-Times and president of Chicago's Newspaper Publishers Association, expressed concern over what he described as the practice of "dragnet subpoenas" where the newspapers are ordered to make available all their files in the hope that they would disclose some germane information. He charged that this had led to "reckless fishing expeditions" through newspaper files and to "harassment" of the editorial staff.

As a result, he said, the association was preparing steps to quash a subpoena in a test case designed to establish guidelines for a more orderly process of obtaining materials from the media.

Norman E. Isaacs, editor of the Louisville Courier-Journal and president of the American Society of Newspaper Editors, said in Louisville: "If we start by accepting the jurisdiction of the federal courts into our files, we can become vulnerable to all kinds of local or congressional investigations. I am seriously disturbed over the broad scope, the sweeping nature of the recent federal inquiries."

Foreign cities drop even lower. Some examples: Paris, 57.5; London, 41.2; Tokyo, 34.2 and Mexico City, 8.8.

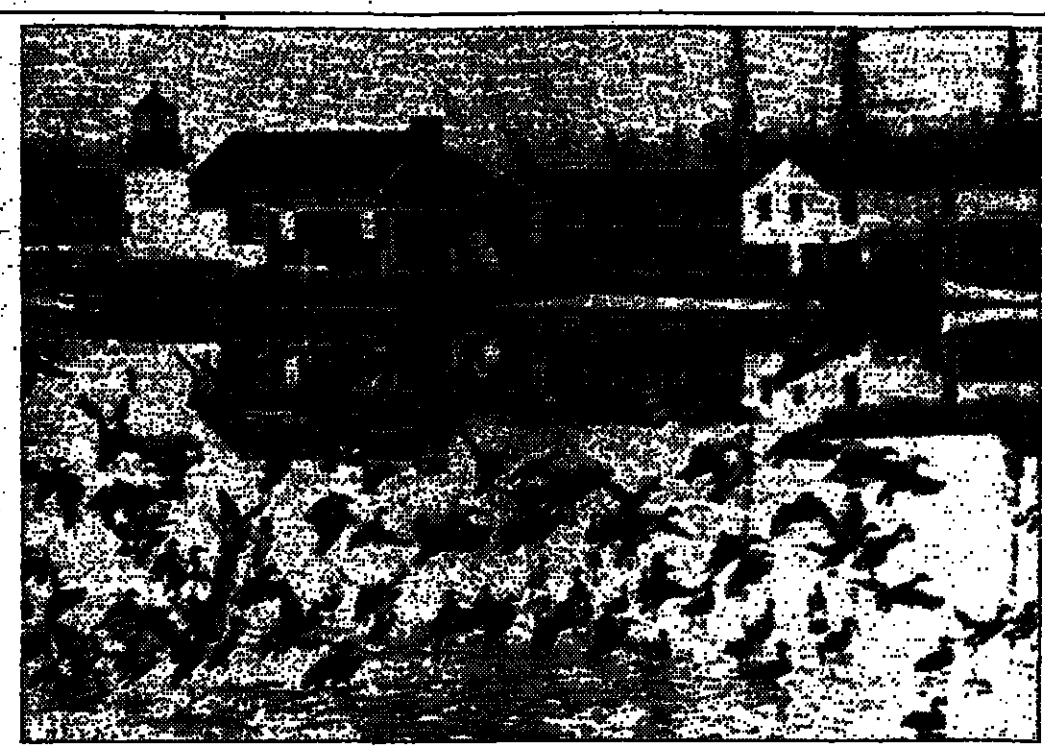
In the United States, the sole contenders to Washington's distinction are White Plains, N.Y. (57.5), and Southfield, Mich. (56.9).

The U.S. averages 54.02.

What makes Washington the aberration that it is? The answer to this question, like most, appears to be the government.

"We are more or less an office town," says a spokesman for the phone company. "You find a higher percentage of workers with phones on their desk. In an industrial city, you have only supervisors with phones."

In addition, a high percentage of homes have more extra extensions than normal. Of the 834,043 phones on Jan. 1, 1969, 431,137 of them were residential—and of those, 169,429 represented extensions.



TAKEOFF—Wild mallard ducks taking off from the partly frozen Mystic River at Mystic, Conn., where residents have begun feeding the starvation-faced birds.

## Justice Warns in Book

## Revolution May Be Answer For U.S. Poor, Douglas Says

By Israel Shenker

NEW YORK (UPI)—Supreme Court Justice William O. Douglas warns in a new book that revolution may be the only honorable alternative to oppression by the American Establishment.

In "Points of Rebellion," a 97-page volume scheduled for publication by Random House on Feb. 19, the justice says:

"George III was the symbol against which our founders made a revolution now considered bright and glorious. We must realize that today's Establishment is the new George III. Whether it will continue to adhere to its tactics, we do not know. If it does, the redress, honored in tradition, is also revolution."

The justice acknowledges that violence has no constitutional sanction. "But where grievances pile high and most of the elected spokesmen represent the Establishment," he writes, "violence may be the only effective response."

Whether the revolution proves violent depends on how wise the Establishment is, the justice writes. "If, with its stockpile of arms, it resolves to suppress the dissenters, America will face, I fear, an awful ordeal."

Many Targets

Arguing in the book for a radical "restructuring" of the 51-year-old justice attacks numerous targets: The Pentagon, the Federal Bureau of Investigation, the Central Intelligence Agency, former President Barry S. Truman and Lyndon B. Johnson, government and corporate bureaucracy, racist practices by police, employers and educators. Justice Douglas has long been the foremost court defender of

interpretation favoring citizens' rights, using his own technical virtuosity for social ends. This often leads him to dissent, especially when colleagues might favor what President Nixon calls "strict construction."

"The modern day dissenters and protesters are functioning as the loyal opposition functions in England," Justice Douglas declares in his book.

And yet, he pursues, "powers that be faintly echo Adolf Hitler, who said (1932): 'The streets of our country are in turmoil. The universities are filled with students rebelling and rioting. We need law and order.'"

"American protesters need not be submissive," Justice Douglas writes. "A speaker who resists arrest is acting as a free man. The police do not have carte blanche to interfere with his freedom."

Justice Douglas laments electronic surveillance and wiretapping. "The FBI and the CIA are the most notorious offenders," he writes, "but lesser lights also participate: Every phone in every federal or state agency is suspect. Every conference room is assumed to be bugged. Every embassy phone is an open transmitter."

Certain holds in Washington have all sorts of rooms that are wired for sound and even contain two-way mirrors, so that the occupants can be taped or filmed."

Invailing against elaborate security procedures regulating employment, and promising that dissent to militarism will not be stifled, he charges that "the Pentagon has a fantastic budget that enables it to dream of putting down the much-needed revolutions which will arise in Peru, in the Philippines, and in other benighted countries."

The justice asks: "Where is the force that will restrain the Pentagon?"

"At the international level we have become virtually paranoid," he bugged. Every embassy phone is an open transmitter. Certain holds in Washington have all sorts of rooms that are wired for sound and even contain two-way mirrors, so that the occupants can be taped or filmed."

What concerns Justice Douglas is how to get "even a thin slice of the farm benefits that go to the rich into the lunch boxes of the poor."

"How does one give HEW, and his state counterparts, a humane approach which would rob from the bureaucrats their ability to discriminate against an illegitimate child or to conduct night raids without the search warrants needed before even a poor man's home may be entered by the police?" the justice asks.

By favoring the rich, America's tax laws have helped create "the upside-down welfare state," he maintains.

Justice Douglas added: "Railroads, airlines, shipping, these are all subsidized, and those companies' doors are not kicked down by the police at night."

He charges that Americans "honor the folklore of the corporation state, respect its desires, and wait to the measure of its thinking." The techniques of the corporation state "are to produce climates of conformity that make any competing idea practically un-American."

Mainly sympathetic with student unrest, he urges adults to display adult unrest.

**'People for Shriver' Push His Candidacy**

ANNAPOLIS, Md., Feb. 1 (AP)—Officers of a "People for Shriver Committee" registered Friday with the state administrator of election laws in support of Sargent Shriver, U.S. ambassador to France, for governor of Maryland.

John Thomas Cochran, of Bethesda, said the group would begin fund-raising activities soon and would open a campaign to try to persuade Mr. Shriver to run for the Democratic nomination.

The ambassador has said he does not plan at this time to seek the nomination, but has not closed the door to such a possibility.

## View of U.S. On Chemical War Defined

By George C. Wilson

WASHINGTON, Feb. 1 (UPI)—The Nixon administration has adopted a new definition of chemical warfare that would permit use of agents "whose effects are not lasting."

The definition, issued by the Pentagon in response to a query from the Washington Post and approved by the National Security Council, is likely to be contested in the Senate next month and at the Geneva disarmament conference in March.

Under the Nixon administration definition, the way the United States is using tear gas and herbicides in Vietnam does not amount to chemical warfare.

Old Definition Dropped

But there is no attempt in the definition to perpetuate the Kennedy administration contention that American troops use chemicals in Vietnam to protect innocent civilians, not to gain military advantage.

Chemical warfare, as newly defined by the Defense Department, "the employment of chemical agents which result in a prolonged incapacitation or death in contrast to the temporary nature of riot control agents (CS) whose effects are not lasting and dissipate quickly."

President Nixon, in issuing his chemical and biological warfare policy statement last November, said that the type of tear gas the United States uses in Vietnam is not banned under the Geneva protocol designed to prevent chemical and biological warfare.

The President promised to send the protocol to the Senate, a move expected next month. Before the protocol is voted on by the Senate, the administration's definition of chemical warfare and his interpretation of the protocol will be debated.

The United Nations vote last September showed the United States stands pretty much alone in the world in its interpretation of the protocol. By a vote of 80 to 3—with only Australia and Portugal joining the United States—the UN General Assembly approved a Swedish resolution interpreting the protocol as banning the use of tear gas and defoliants in war.

Several arms control leaders contend the way the United States is using CS—a powerful type of tear gas and herbicides in Vietnam amounts to chemical warfare.

They argue that unless this Vietnam precedent is disavowed by the American government, there will no longer be a firewall for keeping most nations of the world from resorting to chemical warfare.

The counter-argument is that the chemical agents save American lives in Vietnam and thus cannot be abandoned right now. CS is packed into bombs, artillery shells and hand grenades.

**Conn. Judge Sees Son Plead Guilty To Drug Charge**

BRIDGEPORT, Conn., Feb. 1 (UPI)—A circuit court judge, who once ordered the arrest of a group of Connecticut parents for serving liquor to teen-agers at parties in their homes, watched Friday as his own son pleaded guilty to a heroin charge.

Judge Rodney S. Nelson stood next to his son, Rodney Jr., as the 18-year-old was given a two-year suspended sentence for possession of 17 packets of heroin. He was arrested last May 14 in Bridgeport.

Judge Nelson gained national attention in 1964 when he ordered 13 prominent citizens of Darien arrested on charges of serving liquor to minors following the death of a 17-year-old girl in an auto accident.

The accident occurred after the girl and the 18-year-old driver of the car attended two house parties where the liquor was served.

**Italy Living Costs Rise**

ROME, Feb. 1 (Reuters)—The cost of living in Italy was seven percent higher in December 1969, according to statistics published here today.

## Obituaries

## Sergei J. Denham Dies at 73; Was Director of Ballet Russe

NEW YORK, Feb. 1 (NYT)—Sergei J. Denham, director of the Ballet Russe de Monte Carlo from 1936 until the mid-1960s, died Friday in St. Clare's Hospital. Mr. Denham, 73, was struck by a bus here Thursday.

Although the Ballet Russe became inactive here in 1962-63, Mr. Denham continued as manager of the Ballet Foundation. Earlier he had been an executive in the Bankers Trust Co., with an unusual dream for a banker.

"My dream," he said in 1945, "was to eliminate private ownership from the Ballet Russe de Monte Carlo and to make it the property of a cultural and educational trust with no commercial interest to guide it. I am happy to say that that plan has been carried through."

Mr. Denham, who was born in Moscow, studied at the University of Moscow. He was interested in the impact of ballet on the first performance his parents took him to see.

After the Russian revolution in 1917, he became treasurer of Adm. Alexander V. Kolchak's short-lived government, which fought the Bolsheviks in Siberia. Mr. Denham made his way from Shanghai to the United States in 1921.

Joining Bankers Trust, he was sent to be the representative in Central Europe. He was later stationed in Vienna, Paris and London, keeping up his interest in ballet and developing friendships with artists.

After Leonide Massine split with Col. W. de Basil in the Ballet Russe, Massine, René Blum and an American corporation headed by Julius Fleischmann, with Mr. Denham as vice-president, formed the new Ballet Russe de Monte Carlo. The dancers included Alicia Markova, Serge Lifar and Nathalie Kravtchenko.

The company appeared at the New York City Center and the Metropolitan Opera House and conducted annual tours. Dancers included Alexandra Danilova, Mla Slavenska, Igor Youskevitch, Andre Eglevsky and Frederic Franklin.

Mr. Denham organized the Ballet Russe School in 1954, taking over the Sirochoda-Yurleva School and retaining Maria Sirochoda as head of the faculty.

Herbert A. Bell

SANTA MONICA, Calif., Feb. 1 (UPI)—Herbert A. Bell, 79, an important figure in the infant radio industry of the 1920s, died of a heart attack here Friday.

Mr. Bell worked in the brokerage and automobile industries before moving into radio—founding the firm that eventually became Radio Bell Electronics, a major producer of television and stereo sets.

In 1933, he introduced the first five-tube superheterodyne radio in the selling for under \$20, the design basis for most radios on the market today.

**Then There Were Only Indians on Alcatraz**

SAN FRANCISCO, Feb. 1 (AP)—The caretaker of Alcatraz Island is leaving this week but the government says that doesn't mean the former federal prison island is being given up to the Indians occupying it.

Fifty to 300 Indians have occupied the island in San Francisco Bay since Nov. 20 and want to turn it into a spiritual and cultural center for the American Indian nations. Negotiations have been at an impasse.

The new districts proposed will give greater representation to urban areas, where Mr. Wallace does not enjoy quite the strength that he has in the countryside, and will create new districts in Negro neighborhoods—possibly as many as 25. This would virtually insure the election of black committee members.

**CAB Orders 6.35% Rollback In Most Domestic Air Fares**

By Robert Lindsey

NEW YORK, Feb. 1 (UPI)—The Civil Aeronautics Board ordered a 6.35 percent rollback in most domestic air fares Friday after the nation's largest domestic airlines rejected a new fare schedule plan proposed by the federal body.

The loss in revenue to the airlines as a result of the fare decrease is expected to approach \$1 million a day.

The airlines affected by the rollback are American, Continental, Delta, Eastern, National, Northeast, Northwest, Trans World and United.

Last September the CAB authorized the airlines to increase fares an average of 6.35 percent after the industry had complained of falling earnings.

Had Given Warning

But at the time, the CAB said that it would rescind the increase on Feb. 1 unless, by then, the industry had developed a plan to divide fares when a passenger bought a single ticket for travel on a major trunk airline and a smaller connecting line.

For example, a passenger who buys a single ticket from Albany to San Francisco might fly from Albany to New York on Mohawk, then to San Francisco on United Air Lines. The controversy is how the total fare would be divided between the two airlines.

The CAB said that such joint fares should be less than the sum of the connecting fares and ordered the airlines to develop formulas that would produce the lower fares as well as provide for the sharing between different lines.

The 11 carriers that comprise the "trunk" or long distance, airline industry, have turned down a variety of possible formulas to share revenues with the nine smaller short-haul "local service" airlines. The CAB has also rejected several formulas submitted by the larger airlines.

The rollback applies only to fares on the trunk airlines' routes. The

today. He is also credited with the development, a few years later, of the Bakelite table radio, the forerunner of the plastic impact-resistant cabinet used today.

Incorporated in 1945, and named for Mr. Bell and his partner, Leon S. Packard, Packard-Bell began producing television sets in 1947. The concern was merged with Tele-dyne, Inc., in 1958, and is now known as Tele-dyne Packard Bell.

Albert H. Detweiler

NEW YORK, Feb. 1 (AP)—Albert Henry Detweiler, 83, an archaeologist who was associate director of the Cornell-Harvard excavation of ancient Sardis in Turkey, the home of King Croesus, died Friday night in a New York hospital.

**Alabama Bid By Democrats Woos Blacks**

By Jon Nordheimer

BIRMINGHAM, Ala., Feb. 1 (UPI)—Liberal Democrats opened the state's party conference to blacks yesterday for the first time this century and in passing handed former Gov. George C. Wallace an unusual political defeat inside Alabama.

In a showdown between Democrats loyal to the national party and those who had aligned themselves with Mr. Wallace's political fortunes, the loyalists were able to restructure the internal machinery of the state Democratic executive committee, the body that controls the party and party patronage.

The liberals also pushed through a "statement of principles" that was seen as an effort to seek rapprochement with Alabama blacks who have been moving away from the state's party control to the struggle for control of the executive committee had been expected as a test between Mr. Wallace and Gov. Albert P. Brewer. They are expected to be opponents for the party's nomination for governor in the May primary.

New Primary Rules

Revolving of the executive committee could enable the loyalists to set new rules for the primary, which could have a bearing on its outcome. The party regulars would welcome Mr. Brewer's re-election because it would end the interne-cine effects of Mr. Wallace's status as a nonaffiliated holder who is also the single most powerful politician in the state.

By putting together a coalition of white party loyalists with a big anti-Wallace black vote in the primary, the strategists could deny the former governor an opportunity to reestablish a political base in Alabama to conduct his forays into national politics.

The new rules enlarge the executive committee from 72 members to 111. All except five are to be elected in the primary this spring.

The new districts proposed will give greater representation to urban areas, where Mr. Wallace does not enjoy quite the strength that he has in the countryside, and will create new districts in Negro neighborhoods—possibly as many as 25. This would virtually insure the election of black committee members.

**Strike Hits National**

MIAMI, Feb. 1 (UPI)—Some 3,300 ground workers struck National Airlines yesterday after contract negotiations in Washington broke down.

Several flights were canceled Friday night in advance of the walkout. When the ground workers struck at midnight last Saturday flights were called off. National Airlines last month averaged 19,000 passengers a day.

**Blast Scare in Atlanta**

ATLANTA, Feb. 1 (UPI)—Several gallons of gasoline leaked today into the city sewer system early today, forcing officials to cut off all power in a half-mile-square area for several hours to prevent an explosion.

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ALL DIAMONDS ARE GUARANTEED

## U.S. May Evacuate Laotians In Face of Expected Red Push

By Henry Kamm

VIETNAMESE, Laos, Feb. 1 (NYT)—The United States is planning evacuation of thousands of Laotians from the Plaines des Jarres in the south-east, and were well on the way to turning the area into a livable place.

Now they will once more join the homeless of a war, which, according to the government, number 800,000, more than a fifth of the total population.

No decision on this major population move has been made by the American government, but the United States is preparing air transport in the expectation that such a decision is forthcoming.

The fighting, with rightist and neutralist troops on one side and the Pathet Lao and North Vietnamese on the other, broke out in 1963 when a three-way coalition collapsed.

The expected offensive is causing concern to the government of Premier Souvanna Phouma as well as to the United States, which sustains the Laotian military effort.

The defense of the plain is largely in the hands of the clandestine army of Meo mountain tribesmen, commanded by Gen. Vang Pao, the most effective—some say the only effective—fighting force on the government side. It is feared that a battle for the plain, which is in Meo country, may prove costly to Gen. Pao's forces.

Military forces estimate that 15,000 enemy troops, mainly North Vietnamese regulars, are in position in an arc running from the north to the east of the plain against about a third as many government troops.

Another cause for concern is that "out of the government forces may be so emboldened the enemy troops that they would attempt an attack on the nerve center of the clandestine army at Long Chien, about 15 miles southwest of the Plaines des Jarres.

While few experts believe that the Communist forces could cross the rugged jungle-covered mountains between the Plaines des Jarres and Long Chien in sufficient force to hold the Meo centers, there is concern that a raid in force strong enough to destroy the installations and drive off the Americans and the Meos at headquarters is possible.

aiwan to Get 34 F-100A Jets from U.S. Besides 20 F-104s

WASHINGTON, Feb. 1 (UPI)—Republic of China is getting 100A aircraft from the United States to modernize its air force, Pentagon said yesterday.

F-100, a fighter-bomber, back 16 years, will complete the 20 F-104 interceptors also to Taiwan.

Pentagon said the F-100A element preceded the flap in press over the request to spare \$5.5 million to buy Chiang Kai-shek a squadron of modern fighters.

Many State Department officials opposed the F-4 proposition and were upset that the initiative was taken in the House of Representatives rather than in the Nixon administration's military assistance bill.

Modernization Program

F-100A's, the Pentagon said, being proved as part of the obsolete program under way number of years by which "F-35 squadrons of Korean age are being replaced."

Nationalist, Chinese already about 55 F-100s. The planes, the thin-winged F-104 now, designed for air-to-air, can carry a sizable load the

## Probably There Are More Phones Than People in Washington, D.C.

By Robert J. Samuelson

WASHINGTON, Feb. 1 (UPI)—Washington soon may become the world's first major city with more telephones than people.

In fact, it may already be.

There were 834,043 phones here on Jan. 1, 1969, which, according to the American Telephone and Telegraph Co., produces a ratio of 96.1 phones to every 100 persons.

AT & T figured a population of 860,000, but that may be high. No one really knows how many people now live in the city. The Metropolitan Council of Governments guesses 825,000 as of last July. The Census Bureau says 802,000 in July, 1968, and 798,000 in July, 1969.

By Jan. 1, 1970, the phone count had risen to 859,336.

None of the world's other large cities has even approached this mark. In New York, where there are more telephones than any other place, the phone-to-people ratio was only 70.8 at the beginning of 1969.

Foreign cities drop even lower. Some examples: Paris, 57.5; London, 41.2; Tokyo, 34.2 and Mexico City, 8.8.

In the United States, the sole contenders to Washington's distinction are White Plains, N.Y. (57.5), and Southfield, Mich. (56.9).

The U.S. averages 54.02.

What makes Washington the aberration that it is? The answer to this question, like most, appears to be the government.

"We are more or less an office town," says a spokesman for the phone company. "You find a higher percentage of workers with phones on their desk. In an industrial city, you have only supervisors with phones."

In addition, a high percentage of homes have more extra extensions than normal. Of the 834,043 phones on Jan. 1, 1969, 431,137 of them were residential—and of those, 169,429 represented extensions.



## British Unions Demanding Inflation of the Economy

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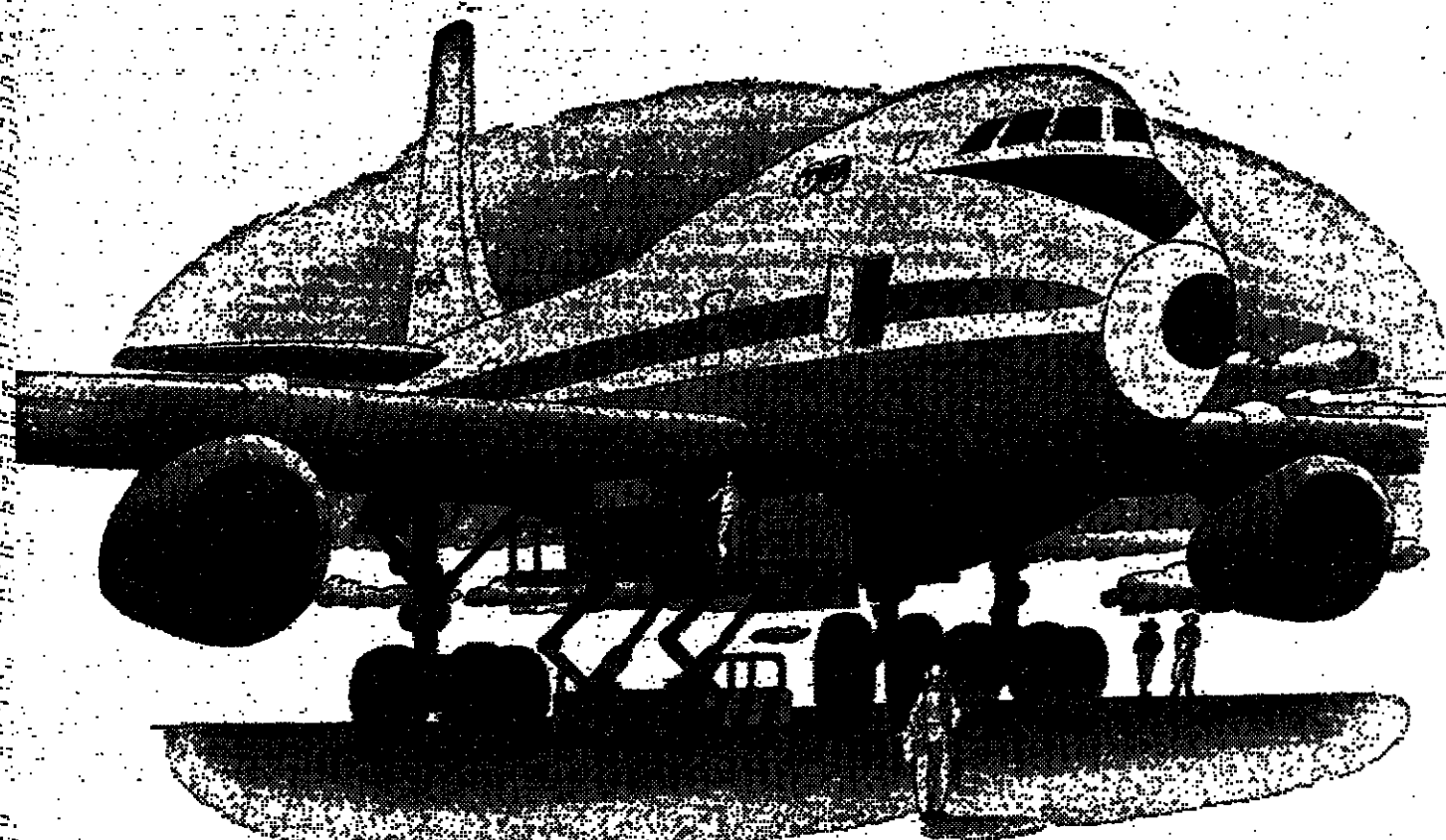
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# TWA's 747: It's a lot more than a great big Boeing.



The 747 is a magnificent aircraft.

In spite of its size, it gets off the ground faster, flies faster, and has quieter engines than conventional jets.

It is guided by the same type of navigational system that brought the Apollo Spacecraft to the moon.

And it lands as softly as a bird on a branch.

Even though it is capable of carrying 500 passengers, TWA's version will carry only 342, less than any other major transatlantic airline.

This means that TWA passengers will have more room.

There are six kitchens offering passengers a choice of main courses.

Five theaters will play two different films during the flight: On a wide screen and in color.

The seats are roomier, and a special cushioning device conforms to the curve of your back.

In first class, there



\*IATA regulations require a nominal charge for this.

is a spiral staircase leading to a luxurious observation lounge and stand-up bar.

But the beautiful thing about the TWA 747 is what happens when you land in New York.

*TWA is the only airline that has built a 747 terminal that is really ready for international passengers.*

It's called Flight Wing One and it's part of the Saarinen-designed TWA Flight Center already recognized as one of the architectural jewels of this century.

The planes will taxi right up to the terminal. Hydraulic powered jetways will take you right from the cabin into Flight Wing one.

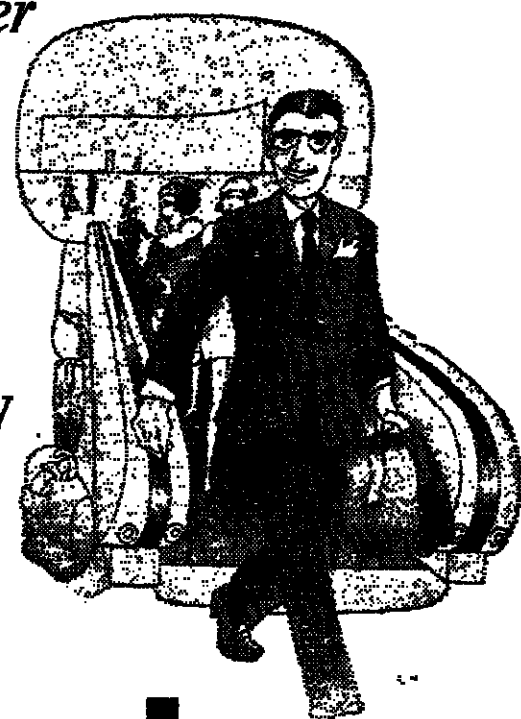
And because we have our own Customs facilities, you will be able to avoid the crush at the International Arrivals Building where every other

*international airline must deposit its passengers.*

A moving sidewalk will take you from our customs area to our main terminal.

And all of this is part of every TWA 747 flight to New York.

You'll have to agree: that's a lot of plane.



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## The Basic Economic Issue

The Economic Report of the President is a remarkably explicit and useful document. It discloses the strategy of the Nixon administration for checking inflation and avoiding a serious recession in the coming year. It describes a rather shallow valley of unemployment that the economy must cross in the next two years. It looks across to the other side of that valley, where it sees a promised land of 4.3 percent growth, 3.8 percent unemployment, and negligible inflation.

Even on the other side of the valley, however, the report indicates resources are going to be limited, and the nation will have to make hard choices if there is to be any fundamental reordering of national priorities. In a nutshell, it says resources are already spoken for. There is not going to be any big fiscal dividend to be used for public programs beyond those for which the President has already spoken. People can have more government programs only if they are willing to give up some private consumption or housing or business investment.

But on this side of the valley, life still has its turbulence and disorder. In the first year of the Nixon administration, inflation accelerated. Interest rates reached their highest levels since the Civil War and housing construction plummeted. Labor productivity, which had been rising steadily for a decade, turned downward. Major collective bargaining agreements averaged 8.2 percent higher and unit labor costs increased 7 percent, the sharpest jump since 1951. Profits declined and the stock market sank. The growth in real national output stopped.

One major fault in the position of the President is that he disowns any responsibility for this combination of events. The inflation was the consequence of the preceding five years of mismanagement by the opposition party, he insists. Certainly it is true that Mr. Nixon inherited an inflationary economy. But the new administration committed errors of its own.

The President's declaration that he would not intervene in wage and price decisions—reiterated in Friday's press conference—undoubtedly contributed to the acceleration of inflation. Ideology makes it difficult to reverse this position on jawboning or wage-

price guideposts. But the Council of Economic Advisers acknowledges "government has a considerable influence on conditions of demand and supply and consequently on prices in particular markets" and that government should try to correct "malfunctions" in particular markets.

The administration was too hasty in committing itself to tax reduction last year. It has now sought to correct its fiscal errors by producing a very tight budget—the expenditure of \$200.8 billion will mean a rise of only \$3 billion over the preceding year. But the projected budget surplus of \$1.3 billion does not appear to measure up to the President's own objective of achieving a surplus large enough to permit an early easing of monetary restraint. His economic advisers have cautioned that the rate of monetary expansion is particularly difficult to determine because of uncertainty about the adjustment of the economy to lower demand.

The word gradualism has disappeared from the lexicon of the Nixon administration. But the attack on inflation described in this report will be gradual. In fact, the projected rise in the prices of all goods included in the gross national product is forecast to be 4.3 percent in 1970—only fractionally lower than the rise of 4.7 percent in 1969.

For the long run, the first Nixon Economic Report is outstanding in sharply raising the question of where the resources will come from if future public needs are to be served. The Nixon administration has thrown down a challenge to its opponents to come out for higher taxes to pay for any new programs they propose.

This is fair enough. There will not be resources to deal with important public needs unless the people of this country are willing to raise the necessary taxes and to get rid of wasteful military or civilian government programs. The President's Economic Report deserves credit for focusing public attention on the basic issue. It may succeed in its objective of raising the level of public debate. But the President has an additional responsibility to propose and promote the hard choices that must be made if this issue is to be resolved in the broad public interest.

THE NEW YORK TIMES.

## Behind the Veil in Prague

The resignation of Premier Cernik, once a hero of Prague's liberal "spring" and later—after the Soviet occupation—a reluctant adjuster to its fall, moves Czechoslovakia yet closer to the condition of "normalization" that is the Soviet goal. His replacement, Mr. Strougal, was Interior Minister (head cop) in the discredited Novotny regime and has devoted himself more recently to attacking Dubcek liberals. Yet the change has its subtleties. Behind a veil, Communist party chief Husak continues his tough, deft effort to tread the line between popular desires and pressures. Even as Strougal moved "up" to the premiership, for instance, Husak maneuvered him out of his most power-laden party positions. As premier, moreover, he has the thankless responsibility for running the economy. Cernik's failure at the task gave his foes their opening to do him in.

In the single area of Czechoslovak public life which permits of some relief, former party leader Alexander Dubcek has cleared

the hurdle of conservative opposition and made it safely to Turkey as his country's ambassador. Mr. Husak managed this move courageously. Its significance is that Dubcek and other liberals, while they have lost power and position, are not to be treated as criminals, as the losers in so many other Communist power struggles have been treated.

Otherwise, Prague is grim. The common attitude of "Why work for the Russians?" has made productivity plummet. Radio Prague declares absenteeism is the "invisible enemy." Cernik has accused the nation of "working in effect a 3 1/2-day week." The government lacks the means to provide incentives and the will to tighten up discipline. In the life of the mind, where the Dubcek period gleamed, "suitable conditions for calm, creative work" have been officially reserved for those who "conform with the requirements of normalization." In other words: Get in line.

THE WASHINGTON POST.

## International Opinion

### Rhodesia and Its Neighbors

Ever since Rhodesia's unilateral declaration of independence in 1965, Rhodesia and Zambia have agreed to live on bad terms without carrying their mutual dislike to extremes. Mr. Ian Smith's veiled threat to deprive Zambia of its power unless it stops the terrorists—or "Zimbabwe freedom fighters"—from crossing its territory to attack the Rhodesians suggests that this period is ending. Mr. Smith's tougher line with Zambia may well reflect South Africa's growing concern for security along all the borders of its sphere of influence.

—From The Times (London).

### Policy and Practice

A disappointment for Mr. Wilson during his Washington visit was the indication that the United States was not prepared to close her consulate in Salisbury. The Americans, of course, continue their United Nations obligation to maintain mandatory and comprehensive sanctions, and they have emphasized that keeping their consul in Rhodesia does not imply recognition of Mr.

Smith. It does, however, imply recognition that the British government is clinging to a failing policy.

It would be the height of altruism for the U.S. State Department to withdraw its official eyes and ears from a sensitive part of Africa in support of a British quarrel. Even if Rhodesian chrome may not be reaching American industry directly, there is every reason for Uncle Sam to wish to keep a finger in that pie.

—From The Daily Telegraph (London).

### The Effect of Bombing

In carrying their attacks to the suburbs of Cairo the Israelis appear to know what they are doing. General Dayan says he aims to teach the Egyptians that their deliberate repudiation of the 1967 cease-fire lines is more expensive for them than for Israel.

There are of course dangers in the policy, as General Dayan must know. The aim of the bombing is to demoralize the Egyptians, but in most wars bombing has had the opposite effect. It could strengthen President Nasser instead of weakening him.

—From The Guardian (London).

## In the International Edition

### Seventy-Five Years Ago

Feb. 2, 1895

NEW YORK—There was a disgraceful fight in the House of Representatives today between Mr. Heard, of Missouri, and Colonel W.C.F. Breckinridge. During a debate Mr. Heard lost his temper, and indirectly referred to Col. Breckinridge's relations with an "insolent scoundrel" and Mr. Heard retorted that the Colonel was a liar. At this they went at each other hammer and tongs. They were at once called to the bar of the House, and both were forced to apologize.

### Fifty Years Ago

Feb. 2, 1895

WASHINGTON, D.C.—As predicted, the Ways and Means Committee of the House of Representatives has appropriated \$90,000,000 for food relief in the countries of Europe, but refused to state in what countries the money should be spent. The expenditure is left to the discretion of the State Department. This amount of \$50,000,000 is in place of \$150,000,000 which was urged by the President and by Secretary Glass to relieve suffering in Austria, Poland and Armenia. With this bill, help is on the way.



## Mediterranean Arms and Oil

By C. L. Sulzberger

ROME—The last modern statesman to try and make a mare nostrum of the Mediterranean was Mussolini and he came a cropper. Since then the world's most famous sea has been a shared domain even if after World War II it was militarily dominated by the United States Sixth Fleet. Some of NATO's most complex arguments came on Mediterranean questions and, despite U.S. preponderance, special freedoms were allotted by the alliance to British and French commands. De Gaulle finally extracted France's Navy and the intensity of British interest diminished as British overseas commitments dwindled.

## Making Ideals a Fraud

By Tom Wicker

WASHINGTON—In the few days since Congress, roasting from the heat of the anti-crime wave, returned from its midwinter recess, it has raised the greatest threat in many years to American liberty.

The legal establishment in America, which ought best to understand this menace, has a special responsibility for exposing the lasting consequences of momentary political hysteria.

Not since corrosive notions of "national security" came to prevail in the 1950s, bearing with them loyalty oaths, witch-hunts and Joe McCarthy, has there been anything like the hysterical spree in which Democrats and Republicans alike, with approving nods from the Nixon administration, have tried to be (in Sen. Sam Ervin's phrase):

... So zealous in their efforts to enforce the law that they would create the example set by Sen. Ervin, of North Carolina, Philip Hart, of Michigan, Edward Kennedy, of Massachusetts, and Charles Goodell, of New York—approved with only one dissenting vote an omnibus anti-crime bill that limits the Fourth Amendment, erodes the Fifth, threatens the Eighth, and in numerous other ways combats crime by assailing constitutional rights.

Next the Senate—with Thomas Dodd of Connecticut wavering around what he said was \$3,000 worth of marijuana, the possession of which could have put him away for years if he had not had the immunity of the Senate floor—passed a drug control bill that granted police the right to burst into any private residence without warning if a judge could be persuaded that such a warrant would result in the destruction of evidence.

This is a flagrant legislative example of the philosophy that the end justifies the means—catching the criminal validates any invasion of the rights supposedly guaranteed to all people. How long will it be, as a result, before agents come bursting without warning into the houses of political dissidents, contending under this law that any other procedure would have resulted in the destruction of pamphlets, documents and the like needed by society to convict?

But perhaps, as one respected senator said casually to a reporter, "Oh, the House will fix it all up." This is a thin reed to lean upon. Why should the House be more courageous than the Senate?

The day after the drug bill was

passed, a House subcommittee on District of Columbia matters approved a proposal that would permit Washington judges to jail "dangerous" criminal suspects for up to 60 days before trial. This measure, which suspends the presumption of innocence, was patterned on the Nixon administration's "preventive detention" bill and was limited to the voiceless, helpless District of Columbia only because the broader measure is stalled in the House and Senate Judiciary Committees.

At the same time, as if to show the temper in which it will receive these travesties of justice, the House whipped through by 274 to 65 a measure that overruled the Supreme Court and resurrected the discredited program of hearing so-called "subversives" from employment in defense plants.

As a result, anyone who ever picked up a napalm plant has about as much chance of getting a defense job as of getting one with the Subversive Activities Control Board. And whether he picked or not, he can be fired from a defense job without even the right of confronting his accuser or knowing who he is—if a federal official decides that disclosure of the accuser's identity would be substantially harmful to the national security.

When the redoubtable Bob Eckhardt of Texas tried to have the question of disclosure of an accuser's identity determined at least by a federal court rather than by a bureaucratic Control Board, he was voted down by the thundering majority of 271 to 13, out of 485 vitally concerned members.

Who cares about a few subversives, any more than about a few crooks?

Who cares, to take the question beyond Congress, if a federal judge rules that a prospective defense witness has nothing to say that a jury may hear, even before that witness can testify? Why should agitators like the Chicago Seven have the right to call such witnesses as a former attorney general, if he might say something useful to their defense?

Is the legal establishment of America, in particular, going to watch all this silently, relying on the Supreme Court to rectify it years from now, if ever, and only after untold damage to individuals at the hands of the state, after further demonstrations of this kind of "justice" to young people, many of whom already believe American ideals are a fraud?

That is exactly what these actions in Congress, none of which is as yet final, would make of those ideals. Lawyers, scholars, the press—all have special responsibilities, therefore, to counter hysteria with the reason they so often extol, upon which they so heavily depend.

eastward into Libya is that by so doing they are keeping Russia out. The idea isn't new. When Edgar Faure was Premier of the Fourth Republic he specifically solicited American and British support for France's Libyan aspirations—long before petroleum was discovered there. For security reasons he wanted to guarantee that the southern French wouldn't stir up trouble in the French African sphere of Chad—an assurance President Pompidou has, incidentally, now received.

Because of the festering Arab-Israeli war, great emotion has been stirred by the French arms deal—particularly because it is so immense for tiny Libya. But arms are the only valid diplomatic currency in the present Arab world and Messer himself has been urging Arab leaders to buy French arms instead of Russian and allow elbow room for maneuver.

Arms are in fact being spent for access to Arab oil supplies, free of Soviet marketing control and to prevent the Soviet fleet from extending its strategic influence westward. Oil is an especially tricky subject and there is insufficient national control by Western governments over the private companies dealing in that commodity.

Despite nuclear power, the West's evolving industrial civilization relies more and more heavily on petroleum fuel and lubricants. It has been subjected to successful pressure by Arab sheikhs owning the fields but relying on others to develop them. At one time the West retained access by passing out money; now it passes out arms.

The trouble with this currency is that it reflects immediately on the Arab-Israeli military balance and inflames possibilities of more fighting. But even if the French are recently the most flamboyant dealers in this market, the British and Americans are also involved—plus, most massively, the Russians.

### France and NATO

In the heat of recent arguments about the Libyan deal—which Paris handled with maximum awkwardness—many have tended to forget that France remains a member of the North Atlantic Alliance even if it quit NATO's integrated structure.

The French are no more eager than the Americans to see Soviet Mediterranean power filter westward.

Last year France imported 43 percent of its petroleum from the Middle East (excluding Algeria) and another 13 percent from Russia. It feels uncomfortably dependent because Moscow or its clients could block access to supplies passing through the Syrian pipelines.

Petroleum is a basic European issue. While Enrico Mattei was Italian fuel czar, Italy attempted to extend its own influence over oil fields and pipelines linking the Mediterranean to Europe, but this effort subsided with Mattei's death.

If Libya is currently the Mediterranean's outstanding petroleum issue, Greece is the outstanding strategic issue. As was predicted by realists, Athens is now limiting readiness for closer ties with the Communist world, starting with trade. It keeps its Communists in jail—just as Moscow does in Egypt—but ogles Moscow and its friends.

What is now occurring around the Mediterranean alarms Israeli's supporters, who fear its qualitative military edge is fading. It also worries just about everyone else lest another Palestine outbreak should erupt in the world. About the only way to escape this dismal risk is for the outside powers to embargo all arms and impose Middle Eastern peace—which they are so far quite unwilling to do.

## Inflation Crisis Point: Searching for a Cure

By Arthur J. Goldberg

NEW YORK—I am the last one to deny the utility of clichés to public officials. But a cliché cannot be substituted for a policy. I fear that this may be happening with respect to the administration's inflation policy.

Its cliché is governmental non-intervention in labor-management affairs. The most applauded statement that can be made to a business or labor audience is: "Let the government stay out of collective bargaining." But I know from experience that the government cannot stay out if it disrupts the national health, safety or economy.

President Nixon recognized this in 1959, when as Vice-President he intervened to help settle the 116-day steel strike. The still unsettled railroad controversy is an example affecting national health and safety. Secretary of Labor Shultz rightly put aside administration predilections against intervening to help resolve this dispute.

**The Impact**  
More importantly, the administration has still to deal realistically with the impact of the sum total of collective bargaining on our inflationary economy. Collective bargaining does not operate in a vacuum. To illustrate, collective bargaining is a responsible for the more than \$30 billion a year of government expenditures in carrying on the tragic war in Vietnam. Although collective bargaining may not be the prime cause of inflation, it contributes to its acceleration. Workers cannot be expected to moderate wage demands at the expense of living standards while prices and profits remain uncontrolled. Employers cannot absorb increasing costs arising from collective bargaining without protecting profit margins.

The administration is concerned about this, but its remedy is fiscal and monetary restraint. This means higher interest rates, tighter credit, a diminution of the money supply, higher taxes, a reduction in governmental expenditures, a substantial budget surplus and higher levels of unemployment.

I am not reassured by statistics showing that the gross national product is slowing. These figures are accompanied by reports of price increases in key commodities, wage increases and growing lay-offs in important industries. Only last week the Commerce Department reported that food prices went up 2 percent in January.

The time has come—indeed it is long overdue—when the administration should supplement its fiscal and monetary mea-

ures by dealing directly with the impact of prices, wages and profits on inflation.

A good beginning for the administration would be to raise rather than lower its voice about inflation. "Jawboning" is not always effective, but silence on the part of government is deemed silence.

"Guidelines" don't always work at least remind industry and labor that they also must heed the public interest.

In all candor, however, I do not think this late start "jawboning" and "guidelines" alone will do the job. The administration will have to deal more directly with the price and profit situation.

Robert Roosa, a perceptive economist and financier, has advocated a wage-price-profit freeze. It is in the form of a presidential appeal to maintain all prices, wages and dividends at present levels for a period of six months.

The difficulty with Roosa's suggestion is the inequity of a price freeze, applicable to all when others will have been freed by hiking prices or raising wages. The difficulty with all controls is the antipathy Americans have to direct controls—particularly in an uncontrolled wage and price environment. A bureaucratic black marketeer, the almost inevitable concomitant of even in times of a declared freeze, is the consequence of "loping" inflation.

**People vs. Official**  
I believe that the American people are ready to understand the need for labor, understand the citizen is ahead of his elected officials and is ready to supply responsible wage, price and profit policy to help control inflation.

But whether popular support or not, it is the first obligation of any administration to protect national health, safety and welfare with all the means available. If there are no means, seek additional means from Congress.

We have reached a crisis which brooks no further delay. No appropriate measure—wage, price and profit control—can be excluded to bring us under control.

Mr. Goldberg has served U.S. Secretary of Labor, Supreme Court Justice and the United Nations. This appeared as a "Topic" in the New York Times.

## Letters

### Ethiopian Unity

I have read with great interest your article on self-determination (Jan. 27) by Arnold Beichman. I am glad to praise him for his brilliant work. There is, however, a point I would like to make clear as far as Ethiopia is concerned.

Emperor Haile Selassie has cemented Ethiopia's territorial integrity in his life-long struggle. Much of what has been done to this end is a credit to the Emperor, but whether the empire's territorial integrity will be greatly endangered in the near or distant future is totally irrelevant.

Ethiopians in any region of the country do not want to involve themselves in any form of secession. Certain fanatic religious elements, motivated by the desire to see a "weak Ethiopia," have never ceased to encourage secession—and the Ethiopian people are aware of this.

Therefore, Sir, the whole nation which is now fully behind the Emperor in this issue, will always fight-whatever the cost—to preserve the country's territorial integrity.

TEFERA SHIAWL

Bonn.

### Hurrah Principle

The answer to Arnold Beichman, "Self no question: Where Does It Stop?" (JEB, Jan. 27) is simple. It doesn't stop. President Wilson, of course, is most closely identified with the concept of self-determination. But his secretary of state, Robert Lansing, was

shrewd enough to see that leaders with dynamite. Fifty years ago, as the British

he wrote, "What a call he uttered!"

Nobody has ever figured on unit is entitled to self-determination. At least in Wilson's

most fervent believers claim it for peoples "whose of barbarism or ignorance of them of the capacity to intelligently their political

tions. Today all bars are back in 1900 General Assembly Resolution 1810 (XV) made that no political or economic

educational consideration serve as a pretext for a independence to a territory wanted it. However abundant, sound, on the basis of size a single person on an the middle of nowhere can the right to self-determination. And if he has made up his favorably, he can claim the independence and to meet in the United Nations.

Self-determination is one of the most cherished principles of international law. The fruits of its application will only be within the realm where the brain forms its fundamental

cepts.

ROBERT A. H.

Geneva.

James Reston is on the Middle East and will writing his column for a month. He expects to his column at the beginning of March.











## Eurobonds

New Issue Total at \$182 Million;  
Fall Falls on Convertible Sector

By Condon Bakstansky

PARIS, Feb. 1.—Total new Eurobond issues announced in the first month of the new year came to \$182 million, up from \$170 million in December, but well below the \$200 million raised in January.

The tally, from Eurobondbank Luxembourg, points up several features of the developing 1970 market. For one, all the issues announced were denominated in dollars. For another, only two U.S. firms—International Telephone and Telegraph—were among the eight money raisers, and only two of the issues, totaling \$37 million, were convertible.

The one U.S. convertible, a \$10 million offering from Cooper, was priced at par last week with a coupon of 7 percent, but fell to \$94 1/2 bid last week in the over-the-counter market.

But there was a pull-back in the secondary market last week. In the first place, there was the New York market drop, adding to the "extreme nervousness" one market observer noted was widespread.

Market sources say the European paying agent received and last week from Commonweal's principal paying agent had no provision had been

made for the coupon payments. On Friday, Commonweal was refusing to comment on the matter. Reports from the United States had it that liquidation of some assets was being considered in order to meet the payment and a source close to the company said that the cash was "on its way."

A spokesman for Investors Overseas Services, which managed the issue, said IOS "cannot speak for Commonweal," but that "as far as we know, (the coupon) will be paid on time."

Commonweal United has run into a state of troubles this year, resulting in a reorganization. Securities and Exchange Commission action on trading in its shares and a still-effective American Stock Exchange trading ban. Among other things, the California conglomerate reported a \$22.6 million loss in the first six months of 1969 and failed to pay \$185,000 in dividends due Sept. 30 on convertible preferred shares. Payment of the semi-annual coupon on the Eurobond would come to about \$680,000.

IOS and its affiliates have provided Commonweal with some \$50 million in investment and loans this year, and SBC intervention has caused Commonweal to reduce in several cases the size of payments to the IOS group.

Whether the coupon payment is made or not, the psychological fallout from the New York market weakness and the Commonweal question continued to send Eurobond convertible prices down, three to five points over the week, with

(Continued on Page 10, Col. 6)

## Economic Indicators

## WEEKLY COMPARISONS

|                             | Jan. 27      | Jan. 17      | Jan. 10      |
|-----------------------------|--------------|--------------|--------------|
| Commodity Index             | 113.5        | 114.2        | 101.5        |
| Money in Circulation        | \$22,000,000 | \$22,121,000 | \$22,121,000 |
| Cost, incl. aggr. loans     | \$22,000,000 | \$22,121,000 | \$22,121,000 |
| Steel production (tons)     | 2,529,000    | 2,548,000    | 2,548,000    |
| Motor vehicle production    | 151,970      | 157,501      | 157,501      |
| Daily oil production (bbls) | 9,565,000    | 9,515,000    | 9,515,000    |
| Freight car loadings        | 494,000      | 494,000      | 494,000      |
| Gas output, excl. power     | 30,553,000   | 30,553,000   | 30,553,000   |
| Business failures           | 183          | 183          | 183          |

Statistics for commercial and industrial loans, carloadings, steel, oil, electric power and business failures are for the preceding week and latest available. \*900 continued.

## MONTHLY COMPARISONS

|                        | Jan. 1970     | Jan. 1969     | Jan. 1968     |
|------------------------|---------------|---------------|---------------|
| Employed               | 78,788,000    | 78,716,000    | 78,700,000    |
| Unemployed             | 2,625,000     | 2,710,000     | 2,410,000     |
| Industrial production  | 170.5         | 170.5         | 169.5         |
| Personal income        | \$78,700,000  | \$78,700,000  | \$78,700,000  |
| Money supply           | \$128,600,000 | \$128,600,000 | \$128,600,000 |
| Consumer price index   | 112.1         | 112.1         | 112.7         |
| Construction contracts | 112.1         | 112.1         | 112.7         |
| Exports                | \$2,257,175   | \$2,257,175   | \$2,257,175   |
| Imports                | \$2,257,175   | \$2,257,175   | \$2,257,175   |
| Merchandise trade      | \$4,514,350   | \$4,514,350   | \$4,514,350   |
| Monetary reserves      | \$22,121,000  | \$22,121,000  | \$22,121,000  |

1969 data are subject to revision by source. 1968 data are preliminary. Industrial production is based on 1957=100, and the Bureau of Labor Statistics. Industrial production is based on 1957=100, and the Bureau of Labor Statistics. Industrial production is based on 1957=100, and the Bureau of Labor Statistics.

## Amex, Over-Counter Issues Take Worst Beating in Months

By Alexander R. Hammer

NEW YORK, Feb. 1 (NYT).

Prices on the American Stock Exchange and on the Over-the-Counter market took their worst beating in months last week.

Most losses in both markets averaged one or two points with some issues losing three points or more. There were large sell-offs.

Brokers continued to attribute most of the weakness to the apparent reluctance of the Federal Reserve Board to loosen its grip on the money supply. Other factors that contributed to the market's weakness were the increasing number of lower corporate earnings reports and

the lack of any bullish economic news.

Most brokers agreed that most investors are waiting for stocks to fall even lower in price before they start buying.

"You can hardly blame them," one broker commented. "There are loads of cheap issues around and they wish to see if you think they will continue to decline."

The poor performance in stocks traded on the American Stock Exchange last week was pinpointed by the exchange's price index which finished the week 85 cents lower at \$25.46. Two of the big losers were Marshall Industries, which dropped 10 1/2 points to 47 1/4,

## Stock Prices on Wall Street Hit 6-Year Low, Interest Rates on Bonds Soar, Prices Fall

By Thomas F. Mullaney

NEW YORK, Feb. 1 (NYT).

—There was gloom but no panic in Wall Street last week as the stock market continued its winter plunge to the lowest levels in more than six years.

The stock averages sustained their worst weekly losses in six months and the bond market suffered another period of erosion, with interest rates soaring and prices slipping.

Still, there was no massive inclination to liquidate securities, but rather a queasy lack of interest in making new commitments.

The stock market declined moderately every day last week and wound up with a net loss of more than 81 points in the Dow Jones industrial stock index. Not even the late-week settlement of the long General Electric labor strike, with a yearly 15 percent wage in-

crease for 40 months, was able to improve market sentiment.

However, it is conceded that the outlook could change suddenly. There need only be evidence that money conditions were being eased—and a number of economists and financial experts say the time is not far distant when such a shift will occur.

Some say money will be easier and interest rates lower within a month or six weeks. But, if inflation persists, that view might be only wishful thinking.

## Marked View

While economists such as Walter Heller, Gardner Ackley, Martin G. Sklar, Joseph P. O'Leary, Pierre Rinfret and A. Gilbert Heebner all predicted easing of credit before long, the view is by no means unanimous.

Arnold C. Schumacher, economist for Halsey, Stuart &

Co., for instance, said last week that recent events—a move toward deficits in the federal budget and the continued demand for funds for business—raise a question about the timing of any move by the money managers to moderate their grip on credit resources.

He said he foresaw little prospect of lower interest rates "before the last half of 1970—It may be closer to December than June."

Recent commentary by market experts is laced with concern and caution.

"It's hard to be optimistic at this time," said Monte Gordon, vice-president of Sachs & Co. "The incentive to buy stocks is lacking. I think the market will bump along for the next two to six weeks around the 750-760 level in the Dow."

Martin Goodfriend, a vice-president of Singer, Kaplan, Ruppel & Busby, said he felt the market had not yet reached bottom, but at current levels there are many good sound investments "where selling pressure has not been justified by the facts."

## Earnings Reports

The effects of the economic slowdown became evident in corporate profits reports. A tabulation of the results of 413 companies showed combined net income of \$3.56 billion for the final quarter of 1969, down 1.3 percent from their aggregate earnings of \$3.61 billion in the final three months of 1968, but 14 percent above 1967's third-quarter net of \$3.11 billion.

It should be noted, however, that the decline in the latest period reflects the sharp 14 percent drop in fourth-quarter profits of the giant General

Motors Corp. to \$510 million from \$698 million the year before.

In addition to General Motors, some of the major corporations that reported lower fourth-quarter results were Jersey Standard, du Pont, McDonnell Douglas, Gulf Oil, Indiana Standard, General Dynamics, North American Rockwell, California Standard, Continental Oil, Shell and Monsanto. Some of these, however, had higher annual profits for 1969.

Offsetting those that showed declines were some with higher fourth-quarter earnings. These included U. S. Steel, Bethlehem, Westinghouse, S.M. Cities Service, American Home Products, Philip Morris, International Paper, Pitkin, Union Carbide, Arduco and Johnson & Johnson.

Meanwhile the week's supply of economic and business statistics continued in the adverse pattern that has prevailed for months. They showed that the economy was still slipping, inflation still soaring.

There were declines in durable goods orders and in the leading economic indicators for December, while the automotive industry announced a rash of plant closings and employee layoffs for January and February.

The December report on durable-goods business was particularly bleak, confirming many earlier indications that the economy has been cooling. The month's drop in this pivotal business yardstick was 4.9 percent to a total of \$39.5 billion, the third consecutive monthly decline.

(Continued on Page 10, Col. 5)

## Over-Counter Market

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## N.Y. Bond Sales

| Sales in \$1,000 High Low Last |           |     |     |     | Net ch'ge | Sales in \$1,000 High Low Last |        |     |    |    | Net ch'ge |  |
|--------------------------------|-----------|-----|-----|-----|-----------|--------------------------------|--------|-----|----|----|-----------|--|
| (Continued from Page 8)        |           |     |     |     |           | Bonds                          |        |     |    |    |           |  |
| Texton                         | 575/72    | 1   | 74  | 74  | +3        | Unpac                          | 215/75 | 5   | 75 | 75 | +5        |  |
| Trans                          | CM592     | 2   | 102 | 100 | 0         | UnAIn                          | 159/71 | 637 | 65 | 75 | +12       |  |
| TWA                            | 106/83    | 581 | 103 | 101 | 102 1/2   | UnAIn                          | 159/71 | 637 | 65 | 75 | +12       |  |
| TWA                            | CM592     | 581 | 103 | 101 | 102 1/2   | UnAIn                          | 159/71 | 637 | 65 | 75 | +12       |  |
| TWA                            | CM592     | 581 | 103 | 101 | 102 1/2   | UnAIn                          | 159/71 | 637 | 65 | 75 | +12       |  |
| TWA                            | CM592     | 581 | 103 | 101 | 102 1/2   | UnAIn                          | 159/71 | 637 | 65 | 75 | +12       |  |
| TWA                            | CM592     | 581 | 103 | 101 | 102 1/2   | UnAIn                          | 159/71 | 637 | 65 | 75 | +12       |  |
| Union                          | Co 725/71 | 51  | 93  | 89  | 90        | UnAIn                          | 159/71 | 637 | 65 | 75 | +12       |  |
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| Union                          | Co 725/71 | 51  | 93  | 89  | 90        | UnAIn                          | 159/71 | 637 | 65 | 75 | +12       |  |
| Union                          | Co 725/71 | 51  | 93  | 89  | 90        | UnAIn                          | 159/71 | 637 | 65 | 75 | +12       |  |
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| Union                          | Co 725/71 | 51  | 93  | 89  | 90        |                                |        |     |    |    |           |  |



## Burns Sworn In

McCracken Foresees Relief  
In Price Rise Late in '70

By Eileen Shanahan  
WASHINGTON, Feb. 1 (AP)—President Nixon's chief economic adviser said yesterday that the pace of price increases could fall to 3.5 percent a year by the end of 1970 and that a rise in unemployment resulting from the administration's anti-inflationary policies could not be large.

Paul W. McCracken, the chairman of the Council of Economic Advisers, added these forecasts to the predictions contained in the annual Economic Report of the President, which was made public Friday.

Details on the administration's anti-inflation program in the report are available tomorrow, when the President's budget for the 1971 fiscal year is sent to Congress.

Dr. Arthur F. Burns was sworn in yesterday as chairman of the Federal Reserve Board, and the President said at the White House ceremony that he wanted "low interest rates and more money."

Mr. Nixon said he respected the independence of the Federal Reserve but that he hoped Dr. Burns would share his "strong views" on the economy.

Dr. Burns, the 10th chairman of the Federal Reserve, succeeds William McChesney Martin.

A rate of inflation of 3.5 percent in the final quarter of this year would compare with a rate of 4.7 percent for the same period of 1969. The figures that Mr. McCracken used in a news conference yesterday were those that measure change in prices for the entire national output—a statistic known to economists as a deflator for the gross national product.

In general, economists consider it a better measure of the inflationary trend in the economy than the Consumer Price Index, which measures price changes only for those articles and services bought by middle-income city families.

For 1970 as a whole, the administration predicted that the increase for the entire national product would average 3 percent. For 1969, the average was 4.7 percent.

Mr. McCracken reaffirmed that had been said about unemployment in the President's Economic Report—namely, that it would rise somewhat during



Paul W. McCracken

the year as the anti-inflationary policies being followed by the government "take hold."

But "I do not see any large rise in unemployment," Mr. McCracken said. Under questioning, he agreed that he would consider a rise in the unemployment rate to 5 percent of the work force "pretty large."

Both the Economic Report and Mr. McCracken pointedly avoided giving any figures on the expected level of the unemployment rate.

"The objective of economic policy is not to produce unemployment," Mr. McCracken said. But he said that at "certain stages of the economy" it was necessary to follow policies that might produce some unemployment. The solution was clearly to the current inflation and the administration's commitment to stop it.

It has already been disclosed that Mr. Nixon's budget will show a surplus of \$1.3 billion, with total outlays of \$300.3 billion. The administration considers this "a very lean budget," Mr. McCracken said.

"We are taking about as tough a stance on fiscal (budgetary) policy as is possible to take," he said.

Mr. Nixon said he respected the independence of the Federal Reserve but that he hoped Dr. Burns would share his "strong views" on the economy.

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1st Negro to Take  
Seat on New York  
Stock Exchange

NEW YORK, Feb. 1 (AP)—Joseph Louis Searles 3d, who was proposed Friday for membership on the New York Stock Exchange, is slated to become the first Negro ever to hold a seat on the nation's most important security market.

The resignation of Mr. Searles, a 30-year-old bachelor, from the city administration was accepted Friday by Mayor John V. Lindsay, who described him as "an invaluable aide."

Since September, 1968, Mr. Searles had served as \$20,000-a-year director of local business development in the New York City Economic Development Administration.

Under routine posting procedures at the 178-year-old exchange, the former city aide could qualify for formal admission in as little as two weeks.

He would become one of three floor brokers, as well as a general partner, for Newburger, Loeb & Co. Founded in 1899, the firm has eight offices and conducts a general brokerage and investment banking business.

Formal approval of Mr. Searles is virtually assured, informed sources in Wall Street have indicated.

Supersonic Flight Ban Over U.S. Is Urged on Nixon

WASHINGTON, Feb. 1 (Reuters).—A congressional committee urged the Nixon administration to bar the Anglo-French Concorde and the projected American supersonic jet from flying across the United States at speeds faster than sound.

Rep. Henry Reuss, D., Wis., a frequent critic of the U.S. supersonic transport project, had written to Transportation Department Secretary John Volpe asking for a formal ban.

He said presidential assistant William Timmons said in reply that the administration will not allow supersonic jets to fly over populated areas at speeds that produce sonic booms.

Mr. Reuss said that as the administration will be out of office by 1978, when the first American supersonic jet is expected to be in service, the Transportation Department should ban the flights now.

The first Concorde is expected to go into commercial service in 1972.

BMW Sales Up; Exports Increase

MUNICH, Feb. 1 (AP)—Bayerische Motorenwerke (BMW), the Bavarian automobile manufacturer, has reported that its sales rose 40 percent in 1969 to 1,537 million marks (\$419.9 million at post-revaluation exchange rates).

BMW chairman, Eberhard von Kuenheim, said production rose from 108,850 to 144,938 passenger cars, a 33 percent rise. The company also produced 4,701 motorcycles, down from 5,074 in 1968.

Exports took 38 percent of the car production, up from 37.5 percent the previous year.

Iran Awards Contract Worth \$175 Million

BEVERLY HILLS, Calif., Feb. 1.—Northrop Corp. said today the Iranian government has awarded a \$175 million contract to build a nationwide communications network to a multinational consortium led by Northrop.

The group, which will install a telephone, telegraph and television network, includes Northrop's Page Communications Engineers as well as General Telephone and Electronics of the United States, Nippon Electric of Japan and Siemens of West Germany.

La Calavados

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Tugboat Crews Begin Strike in N.Y. Harbor

NEW YORK, Feb. 1 (UPI).—Tugboat crews in New York Harbor docked their vessels at midnight yesterday and went out on strike. The walkout threatened to disrupt freight shipments and slow passenger service in the nation's busiest port.

Bargaining units for Local 33, United Marine Division of the National Maritime Union, and the Transportation Employers' Association had reported no progress when they halted negotiations six hours before the midnight deadline.

The 4,000-member union is seeking a 100 percent pay increase, plus a \$300-per-month retirement pension after 20 years of service, regardless of age. It also is asking overtime pay for some crews.

KLM Reports Loss In 3d Fiscal Quarter

AMSTERDAM, Feb. 1 (Reuters).—KLM Royal Dutch Airlines reported a loss of \$2.6 million in the third quarter, ended Dec. 31, of its fiscal year, compared with net earnings of \$1.76 million in the same 1968 period.

In the first nine months of the fiscal year, net earnings fell to \$18.8 million from \$22.6 million in the same 1968 period—a decline of 17 percent.

The airline said net earnings include a profit of \$196,000 on the sale of aircraft engines against one of \$2.7 million in 1968.

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CHEMICAL BANKConsolidated Statement of Condition  
At December 31, 1969

| Assets  |                 |
|---|-----------------|
| Cash and Due from Banks                             | \$1,942,184,000 |
| Securities:   |                 |
| U. S. Government                                    | 511,160,000     |
| State and Municipal                                 | 790,782,000     |
| Other   | 41,701,000      |
| TOTAL SECURITIES                                    | 1,283,643,000   |
| Loans   | 5,868,165,000   |
| Federal Funds Sold                                  | 230,320,000     |
| Premises and Equipment                              | 84,461,000      |
| Customers' Liability on Acceptances                 | 179,202,000     |
| Accrued Income Receivable                           | 77,844,000      |
| Other Assets  | 73,665,000      |
| TOTAL   | \$9,739,484,000 |
| Liabilities   |                 |
| Deposits:   |                 |
| Demand  | \$4,883,100,000 |
| Savings   | 529,666,000     |
| Time  | 1,080,088,000   |
| Foreign Branches                                    | 1,389,837,000   |
| TOTAL DEPOSITS                                      | 7,882,691,000   |
| Borrowed Funds                                      | 707,037,000     |
| Acceptances Outstanding                             | 182,176,000     |
| Accrued Taxes and Other Expenses                    | 67,296,000      |
| Dividend Payable                                    | 8,720,000       |
| Other Liabilities                                   | 67,689,000      |
| TOTAL   | \$9,155,589,000 |
| Reserve   |                 |
| Reserve for Possible Loan Losses                    | 122,858,000     |
| Capital   |                 |
| 5 7/8% Capital Notes Due 1992                       | 50,000,000      |
| 5% Convertible Capital Notes Due 1993               | 52,748,000      |
| TOTAL CAPITAL NOTES                                 | 102,748,000     |
| Stockholders' Equity:                               |                 |
| Common Stock, \$12 Par Value                        |                 |
| Shares Authorized 33,000,000 Outstanding 13,415,963 | 160,992,000     |
| Capital Surplus                                     | 303,884,000     |
| Retained Earnings                                   | 133,415,000     |
| TOTAL STOCKHOLDERS' EQUITY                          | 598,291,000     |
| TOTAL CAPITAL                                       | 701,039,000     |
| TOTAL   | \$9,739,484,000 |

Assets carried at \$682,813,000 in 1969 were pledged to secure public funds and for other purposes required by law.  
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